

5th

ASSOCIATED BREWERIES
OF CANADA LIMITED

Head Office
CALGARY
CANADA



TRANSFER AGENT:
THE ROYAL TRUST CO., MONTREAL, CALGARY
AND CHARLOTTETOWN

ANNUAL REPORT

FOR THE
YEAR ENDED DECEMBER 31

1936

COMMERCE

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GOVERNMENT TAXES CHARGED AGAINST OPERATIONS FOR THE YEAR 1936

Provincial Gallonage Taxes (part year only— see President's Letter)	\$ 35,388.37
Federal Excise and Sales Taxes	525,230.68
Federal and Provincial Income Taxes	158,788.76
	\$719,407.81

DIRECTORS

R. J. CHISWICK, Lethbridge, Alberta.
 LT.-COL. E. G. HANSON, D.S.O., Montreal, Quebec.
 WM. HUTTON, Regina, Saskatchewan.
 R. H. B. KER, Victoria, British Columbia.
 J. C. MALONE, Regina, Saskatchewan.
 A. J. MACMILLAN, Calgary, Alberta.
 W. H. SHEPPARD, Edmonton, Alberta.
 FRITZ SICK, Vancouver, British Columbia.
 EMIL G. SICK, Seattle, Washington.
 J. G. WALFORD, Calgary, Alberta.
 GEORGE R. WHITMORE, Regina, Saskatchewan.

OFFICERS

E. G. SICK..... *President*
 FRITZ SICK..... *Chairman of the Board*
 R. H. B. KER..... *Vice-President and Secretary*
 W. H. SHEPPARD..... *Vice-President*
 J. G. WALFORD..... *General Manager*
 I. N. WILSON..... *Treasurer and Assistant Secretary*

PLANTS AND LOCATIONS

WHOLLY OWNED SUBSIDIARIES:

EDMONTON BREWERIES LIMITED..... Edmonton, Alberta
 LETHBRIDGE BREWERIES LIMITED..... Lethbridge, Alberta
 PRINCE ALBERT BREWERIES LIMITED..... Prince Albert, Saskatchewan
 THE REGINA BREWING COMPANY LIMITED..... Regina, Saskatchewan

ASSOCIATED BREWERIES OF CANADA LIMITED
AND WHOLLY OWNED SUBSIDIARY BREWING COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING DECEMBER 31st, 1936

Net Operating Profits, before charging depreciation	\$595,158.47
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(A total of \$52,703.08, which includes salaries paid to brewery managers, was paid, as salaries and remuneration, to the executive officers and legal advisers of the Company.)

Revenue from Investments.....	99,671.76
Other Revenue	25,303.42
Non-recurring Revenue.....	48,827.50
	\$768,961.15

LESS:

Directors' Fees	\$ 4,400.00	
Depreciation	148,450.22	
Federal and Provincial Income Taxes	158,788.76	
	311,638.98	

NET PROFITS FOR THE YEAR, carried to Earned Surplus Account.....	\$457,322.17
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CONSOLIDATED EARNED SURPLUS ACCOUNT

DECEMBER 31st, 1936

Balance at January 1st, 1936.....	\$511,600.67
Net Profits for the year, from Profit and Loss Account.....	457,322.17
	968,922.84

LESS:

Four quarterly dividends, each of 1¼ per cent, on the Cumulative Preferred Shares.....	\$ 64,018.07	
Four dividends of 15 cents per share, and one dividend of 25 cents per share, on the Issued Common Shares of no par value.....	190,910.00	
	\$254,928.07	

BALANCE, carried to Balance Sheet.....	\$713,994.77
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OF CANADA LIMITED
IARY BREWING COMPANIES
EET—DECEMBER 31st, 1936

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$ 69,961.06	
Income and Other Taxes	144,792.60	
	<u> </u>	\$ 214,753.66

DEFERRED LIABILITY	65,992.95
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RESERVES:

For Premium on Redemption of Preferred Shares ...	50,766.00	
For Contingent Losses on Investments	356,477.47	
For Depreciation of Fixed Assets	1,171,832.29	
For Federal and Provincial Taxes	37,162.46	
	<u> </u>	1,616,238.22

CAPITAL:

Preferred Shares—7% Cumulative Redeemable Preferred Shares	\$ 914,300.00	
Common Shares—224,600 Common Shares of no par value	2,053,811.56	
	<u> </u>	2,968,111.56

EARNED SURPLUS	713,994.77
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Contingent Liabilities, \$13,802.84

\$5,579,091.16

Our report on the above Balance Sheet, dated February 15th, 1937, is attached hereto.

NASH & NASH,
Chartered Accountants.

ASSOCIATED BREWERIES
AND WHOLLY OWNED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash on hand and in banks.....	\$ 336,899.00	
Accounts Receivable	16,905.14	
Inventories, at the lower of cost or market prices, as approved by the managements	292,046.87	
Dominion of Canada and Dominion Guaranteed Bonds, at cost (Market value, \$246,144.14)	237,637.51	
Listed Stocks, at cost (Market value, \$40,789.37)	32,648.15	
Life Insurance Policies, Cash Surrender Values	103,772.87	
		<u>\$1,019,909.54</u>

INVESTMENTS:

Mortgages, Loans and Other Investments, at cost, including Investments in United States Brew- ing Companies	\$1,254,810.89	
Due from Shareholders (secured)	4,832.55	
Shares in, and Loans to, other Non-Brewing Sub- sidiary Companies	198,441.95	
		<u>1,458,085.39</u>

PREFERRED SHARES PURCHASED FOR REDEMPTION..... 29,145.70

DEFERRED AND PREPAID CHARGES..... 40,130.23

FIXED ASSETS:

Lands, Buildings, Plants and Equipment, at the depreciated replacement valuation of The Canadian Appraisal Company, at July 31st, 1928, with additions since that date, at cost	3,031,820.30	
		<u><u>\$5,579,091.16</u></u>

Approved on behalf of the Board,

E. G. SICK,	}	<i>Directors.</i>
W. H. SHEPPARD,		

AUDITORS' REPORT

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To the Shareholders of

ASSOCIATED BREWERIES OF CANADA LIMITED:

We have examined the books and accounts of Associated Breweries of Canada Limited for the year ending December 31st, 1936, and have verified the securities representing the investments of the Company. We have received all the information and explanations that we have required, and have accepted as correct the audited statements of the constituent Companies.

We report that, subject to the values at which the fixed assets of the Company are stated, the attached consolidated balance sheet presents, in our opinion, a true and correct statement of the affairs of Associated Breweries of Canada Limited and its constituent Companies at December 31st, 1936, according to the best of our information, the explanations given to us, and as shown by the books of the Company and the audited statements of the constituent Companies.

The dividend on the Preferred shares, payable January 2nd, 1937, has been provided for in these accounts.

In accordance with Section 114 of The Dominion Companies' Act, we report that dividends of \$5,950.00 were received from non-brewing subsidiary Companies out of their accumulated surpluses; that the aggregate net trading losses for the year, after deducting profits, in non-brewing subsidiary Companies amounted to \$4,233.03; and that no provision for these losses has been made in the accounts of this Company. The payment of the above dividends does not involve an impairment of capital.

Redemption of a further \$50,900.00 of cumulative redeemable Preferred shares was effected during the year, in accordance with the Letters Patent of the Company, the reduction of capital resulting therefrom having been confirmed by Supplementary Letters Patent.

Yours faithfully,

NASH & NASH,
Chartered Accountants.

February 15th, 1937.

in addition to which the Sinking Fund has been charged with the sum of \$29,145.70 representing the purchase price of still further Preferred shares acquired in anticipation of 1937 requirements.

In addition to the four regular quarterly dividends on the 7% Preference shares, the outstanding Common stock participated in the year's earnings to the extent of 85 cents per share compared with 75 cents paid in dividends the year before.

I cannot conclude this report without once more paying tribute to the efficient service and firm co-operation which have been so unselfishly extended by the officers and employees of your Company.

Respectfully submitted on behalf of the Board.

E. G. SICK,
President.

Calgary, Alberta,
March 8th, 1937.

PRESIDENT'S LETTER



To the Shareholders of

ASSOCIATED BREWERIES OF CANADA LIMITED:

It affords me pleasure to submit for your information the Ninth Annual Statement of your Company and its wholly owned brewing subsidiaries for the year ended December 31st, 1936. Following the practice of several previous years, this statement is in consolidated form.

The net earnings for the year amounted to \$457,322.17 after allowing all charges including, among others, \$148,450.22 for depreciation and \$158,788.76 for Federal and Provincial income taxes. The physical condition of all properties and equipment has been adequately maintained.

Increased dividends from the Company's investments in several American brewing and malting companies have added appreciably to the year's earnings.

It will be noted from the statement of the financial condition as at December 31st, 1936, that the surplus of liquid assets over liquid liabilities was \$805,155.88 as against a corresponding figure of \$722,970.82 at the close of the preceding year.

Grain production in 1936 was disappointing in much of the territory served by the Company; however, drought conditions and other setbacks during the growing season were partially counterbalanced by advancing grain prices and as a result those portions of the Prairie Provinces which have had a crop have been greatly benefitted. It might here be noted that these higher prices are having the effect of materially increasing brewing costs in the current year, malt having followed the upward market trend of barley.

On April 1st, 1936, the Alberta Liquor Control Board took over the entire distribution of beer within the Province. In consequence, the appended statement of Government taxes for the year will not accurately compare with previous years as the Alberta Government now derives its revenue from profit on sales in lieu of gallonage taxes.

Preferred shares to the par value of \$50,900.00 were redeemed and cancelled during the year in conformity with the provisions of the Company's Letters Patent